

Expense Claim Guide



Properly submitted expenses will save you money

Submitting expense forms for allowable items on a regular basis enables us to calculate the reduction in the amount of tax you owe, or the tax refund that is owed to you.

Step by step expenses submission:

1. Gather together your receipts, mileage records etc on a regular basis.
2. Complete the expense form summarising those receipts. Additional copies are available from our website www.shipshapepay.com
3. Return expense form to Ship Shape by placing them in a suitable envelope and simply writing **FREEPOST SHIP SHAPE** on the front. The FREEPOST name means there is **no need to use a stamp** in the UK.

WORKING AS SELF EMPLOYED OR LIMITED COMPANY: it is essential for you to retain all original receipts and a copy of each expense claim form as these may need to be verified at a later date.

WORKING AS UMBRELLA PAYE: include all original receipts in the envelope with your completed expense claim form. We recommend you take copies of these in case they are lost by the postal service. Receipts for **Subsistence** are an exception (see Subsistence section below) and should be retained unless specifically requested.

How much will I save?

We calculate your total allowable expenses and deduct this from your taxable income, therefore you pay less tax and receive more income.

When should I send Ship Shape my expenses?

Please send us your expense claim form regularly e.g. each week or each month. By making this a regular task, workers find that they don't lose important receipts and therefore maximize their claim.

Which expenses are allowable?

Expenses incurred wholly, exclusively and necessarily in the performance of your work duties can be offset against tax i.e. these costs can be used to reduce the amount of tax you pay. However, there are rules as to which types of expenses are allowable and if you submit expenses which are subsequently deemed to fall outside this definition by the HMRC you would be liable to pay back the tax saving. Please study the guide we have compiled below.

Travel by public transport

The cost of tickets purchased for travel to and from work by most forms of public transport are allowable expenses. Be sure to include the dates and reasons for the trip. Travel by private vehicle is indicated separately.

Oyster Cards

Oyster cards are different from other travel cards because they can be used in one of three ways, or in any combination of the three, as follows:

- as a travel card,
- as a bus pass/season ticket,
- to add travel value (cash) on a pay as you go basis

The main distinction between an Oyster card and other travel cards lies in the facility to add cash value to the Oyster card for travel, on a pay as you go basis. In this respect it is important that your claim for Oyster card travel expenses is equal to the business element of your journeys. You cannot claim for any proportion of top-up value used for non-business journeys, or any proportion of the top up value that remains unused.

Equipment purchased

Items such as equipment, tools, work clothing and Personal Protective Equipment (PPE) specifically required for the job may be claimed for, but a VAT Invoice/Receipt showing the items purchased and the shop or supplier must be kept. Allowable claims for clothing purchases would include all Personal Protective Equipment. Cleaning of protective clothing can also be claimed for.

Telephone

All business calls (not personal) may be claimed for. They must be highlighted on the original (not photocopy) itemised bill and returned with the expense claim form, or an appropriate pre-pay airtime voucher receipt. Rental of a landline and purchase of a mobile phone are not deductible expenses.

Accommodation

You can claim an allowance when staying overnight, away from your UK permanent residence. The hotel, B&B etc should supply a receipt (ideally on headed paper) including the proprietor's name, address and telephone number. If your stay in the accommodation is for three months or more, you would need to return to your home address on a weekly basis to claim and you may be asked for proof of this. HMRC no longer allows you to claim an accommodation allowance for staying overnight with friends or family.

Travel by private vehicle

Travel expenses can be claimed when using private transport including car, motorbike and bicycle. Keep all receipts for fuel, although receipts for petrol or diesel purchased cannot be offset against tax (that is calculated by mileage) they are required to back up mileage claims if requested by HMRC. Also make a note of the dates, destination and reason for the journey on the mileage claim form provided.

There are usually two rates for travel by private transport. For the first 10,000 miles traveled, the higher rate applies. All miles over this are calculated at the lower rate. You can also claim parking costs if supported by an original receipt, but not parking fines.

Subsistence

If you are working at a site/location on a temporary basis and have bought food for meals during work hours then this may be claimed as a subsistence expense resulting in tax reduction. Use the appropriate section of the expense form to record these details.

Umbrella PAYE employees

If you were present on site for 5 to 9 hours or 10 hours/more you are eligible to claim £5 and £10 subsistence per day respectively for meals purchased by completing the expense form table.

If you do not usually start early but are temporarily required to leave for work before 6am then you may claim for an additional £5 for breakfast on each occurrence. Additionally if you have to work late into the evening, past 8pm (and do not ordinarily) then you may claim up to an extra £15 for an evening meal on each occurrence.

Please note that you must have incurred an expense on meals away from home in order to qualify for the scale rate subsistence payment. This means that employees who do not buy a meal away from home, or who take a packed lunch from home, are not entitled to a tax and NICs free payment.

Self Employed & Limited Company workers

HMRC allow subsistence claims in your year-end tax return only if your work is itinerant (i.e. involves travelling from place to place, such as a commercial traveller) or where occasional business journeys outside the normal pattern are made. Where a business trip requires a stay away from home, the accommodation and reasonable overnight subsistence costs will be allowed. In all cases you must keep receipts to support your claims.

24 Month Rule

In order for expenditure on travel and subsistence to be allowable expense it is important that your workplace is "temporary". This means that you must be engaged on a contract at a particular site lasting less than, or is expected to last less, or it is reasonable to assume that it will last less than 24 months. Should you change contract but continue to operate at the same site location this is seen as a continuous location at that site for the purposes of travel and subsistence. As soon as you become reasonably aware that you will be located at a site for more than 24 months then no further travel and subsistence will be allowable.

Where do I send the expenses?

Please send the completed expenses form to **FREEPOST SHIP SHAPE** – no stamp is required.